



Protecting Montana's consumers through insurance and securities regulation

EXHIBIT 3 BOH
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- The Montana Comprehensive Health Association [MCHA] was created in 1985 to serve a very important function--to provide health insurance for people who do not have access to employer group health insurance and who cannot obtain insurance in the individual health insurance market because of their health status.
- In 1999, the Montana legislature created the "HIPAA portability pool," and now the MCHA operates that pool as well. When an individual loses their employer group health insurance and has at least 18 months of prior creditable coverage, that individual becomes eligible for portability pool coverage. This pool is the official alternative mechanism for HIPAA purposes and its existence is required by federal law.
- Currently the MCHA is funded by premiums (which average approximately 120 to 140 % of average market rates--depending on which plan is purchased) and by a 1% of premium volume assessment on all authorized health insurers. This 1% is deducted from premium tax owed, except that health service corporations do not pay premium tax.
- Self-funded health plans do not contribute to the MCHA, even though their employees have the same access that privately insured individuals have to the protection these pools offer. This lack of contribution has placed an economic strain on the MCHA.
- The MCHA provides a very valuable service to the citizens of this state by providing access to health insurance when there is no other way to obtain coverage.
- The premium subsidy program has separate funding from federal grants and state tobacco settlement dollars so that 268 people are receiving a 45% subsidy to help them pay their premiums.

IMPORTANT PROVISIONS OF THIS BILL ARE AS FOLLOWS:

- It adds an additional consumer member to the board. Currently there are 7 insurance industry members and only one consumer representative, so this is an important change.
- It lowers the cap on premiums in the high risk pool from 200% of average market rate to 150%.
- It raises the income eligibility level for the premium assistance program from 150% of the federal poverty level to 200% of FPL.
- It adds financial protection to ensure the continuation of this important program.